Congress of the United States
Washington, DC 20515

January 31, 2005

The Honorable Joshua B. Bolton
Director
Office of Management and Budget
Washington, DC 20503

Dear Director Bolton:

As you wrap-up your FY 2006 budget, we encourage you to increase or, at a minimum, maintain current funding levels for the government's many programs that research, assess and foster the production of domestic oil, natural gas, coal and minerals. These programs are critical to the continued investment in these resources by the nation's energy and mineral producers.

When energy and mineral producers are successful in developing properties they provide the nation with economic development and good jobs. Energy and mineral production means an increase in the wealth of society and the creation of more employment. When taxes or royalties are due the government, they provide the nation and the public its fair share of revenues. None of the revenues will come to the government or the public, and neither wealth nor jobs will be created in the U.S. economy, if the industry determines that development prospects are better in other countries.

Severe budget cuts will have adverse impacts on the government's ability to do research and development that is critical to bringing new private capital to energy and minerals development. Reduced budgets will damage the agencies' capacity to manage energy and minerals programs and send the message to investors that the U.S. is not serious about encouraging energy and mineral development. Investment in the nation's future development of energy and mineral resources will be damaged at the very time that the demands for these resources are accelerating on a world-wide basis.

Budget cuts for the minerals programs of the land management agencies – the Forest Service, the Bureau of Land Management, and the Minerals Management Service – would be troubling. These programs already are stretched to the limit of available budgetary resources. Any additional cuts would appear to be directly contrary to Executive Order 13212 on expediting energy-related projects on federal lands. Agencies are directed to find ways to facilitate new development of domestic supplies of energy, without rescinding environmental protection measures. Cutting the funds necessary to run these programs will cripple any attempts to find new ways to facilitate energy and mineral exploration and development on federal lands.

Severe budget reductions also threaten to drastically reduce royalty and other revenues generated by the energy industry from production on federal lands. In any given year, the revenue to the Federal Treasury generated by the energy industry is second only to that collected by the Internal Revenue Service. In its FY 2004 Performance and Accountability report, DOI stated that "…Interior also manages leases and mineral operations covering more than 700 million acres of mineral estate underlying Federal and other onshore surface ownerships, and nearly 1.8 billion acres of the Outer Continental Shelf (OCS). Annual revenues from resource use activities have reached as high as $11 billion. In FY 2004, these revenues amounted to approximately $10 billion."

Clearly, the federal government's energy and minerals management programs are a significant source of Federal revenues. We have been advised that a simple delay in processing permits for the development of a coalbed natural gas project in Wyoming would result in an across the board reduction of 20 percent in the net present value of the royalties collected by the Treasury. In short, it would be counterproductive for the Administration to cut programs that generate revenue while continuing to fund the many existing and new programs that draw down on the federal government's bottom line.

Our nation's economy derives wealth and jobs from energy and mineral production. The mining industry employs about 161,000 production workers, while the oil and natural gas extraction industry employs about 311,000 workers in the production and service sectors. Many of these workers are employed in rural areas where their salaries provide a significant boost to local economies. We have seen job losses in these rural areas as energy and mineral producers, frustrated by lack of progress on their proposals, have decided to invest elsewhere in the world.

Our nation needs to enhance domestic oil, natural gas and minerals production so we can continue to fuel our economy, strengthen national security, expand opportunity and maximize growth. Increasing energy and minerals production on federal lands is vital to achieving that goal. Assessing the nation's energy and mineral resource endowment is critical to fostering new investments. The Administration's budget for FY 2006 must increase or, at a minimum, maintain current funding levels for the government's many programs that research, assess and foster the production of domestic oil, natural gas, coal and minerals.

Sincerely,

Congressman Chris Cannon

Barbara Cubin
Congresswoman Barbara Cubin

C.L. "Butch" Otter
Congressman Butch Otter

Congressman John Duncan

Congressman Stevan Pearce

Congressman Jim Gibbons

Congressman Bob Beauprez

Congressman Mike Rogers

Congressman Rob Bishop

Congressman Mike Simpson

Congressman Tom Tancredo

Congresswoman Marilyn Musgrave